

Message Text

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ACTION NEA-10

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STADIS//////////

FOR NEA/ARN, DRAPER

E.O. 11652: N/A
TAGS: BEXP SY
SUBJECT: 1977 DAMASCUS INTERNATIONAL FAIR

REFS: (A) USDOC 2264; (B) USIA 3908; (C) STATE 25261

1. WITH \$11,000 ADVANCE FROM USDOC AND ASSURANCE OF \$25,000 FROM USIA, WE ARE NOW MOVING AHEAD ON U.S. PARTICIPATION IN THE 1977 DAMASCUS INTERNATIONAL FAIR. THEROS HAS BEEN IN AMMAN RECRUITING AMONG LOCAL BUSINESS COMMUNITY. WE ARE NOTIFYING FAIR AUTHORITIES OFFICIALLY OF OUR INTENTION PARTICIPATE AND WILL THEN LAUNCH RECRUITMENT FOCUSED INITIALLY ON ATHENS-BASED U.S. BUSINESS AND ON PARTICIPANTS AT CIARO FAIR. USDOC HAS AGREED PURSUE RECRUITMENT IN U.S. WE HAVE ALREADY RECEIVED COMMITMENTS FOR PARTICIPATION BY GM, INGERSOLL-RAND AND LOCAL AGENTS OF OTHER U.S. FIRMS.

2. WE WILL WANT TO LOOK CLOSELY AT USDOC EXHIBIT SYSTEM. WE PLAN INTERNAL MODIFICATIONS TO U.S. PAVILION TO PROVIDE SPACE FOR UP TO 35 BOOTHS AND WILL NEED TO KNOW WHETHER SYSTEM CAN BE EXPANDED. SECONDLY, WHILE USDOC SYSTEM MAY SAVE ABOUT DOLS. 5,000, DELAYS IN DELIVERING
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PAGE 02 DAMASC 01377 021041Z

SYSTEM IN 1975, AND DAMAGED CONDITION OF SYSTEM UPON RECEIPT IN 1976 CONTRIBUTED TO COST OVERRUNS AND DELAYS IN CONSTRUCTION. WE WILL BE EXPLORING THIS FURTHER WITH USDOC.

3. MICHAEL DAVIS HAS RECEIVED LETTER FROM DAVID REUTHER INDICATING NEA/ARN BELIEVES DOLS. 40,000 CONTRIBUTION

FROM MIDDLE EAST SPECIAL REQUIREMENTS FUNDS MAY NO LONGER BE WORTH PURSUING. WHILE MESRF FUNDS NO LONGER CRUCIAL TO 1977 PARTICIPATION, THEY COULD PROVIDE SUBSTANTIAL SAVINGS FOR USG OVER LONGER TERM ASSUMING (AS WE MUST BELIEVE) THAT USG WILL CONTINUE PARTICIPATE IN FAIR IN YEARS AHEAD. FAIR AUTHORITIES HAVE OFFERED ATTRACTIVE FINANCIAL INDUCEMENTS SHOULD USG AGREE CONSTRUCT PERMANENT PAVILION. ALTHOUGH DETAILS WOULD NEED NEGOTIATION, THE INDUCEMENTS ARE ROUGHLY AS FOLLOWS:

(A) A DOLS 2500 MINIMUM REBATE ON RENTAL FEES FOR 1977 FAIR (THIS REBATE DEPENDENT ON FIRM USG COMMITMENT PROCEED WITH PERMANENT PAVILION), AND (B) FREE LAND FOR A PERIOD OF YEARS FOLLOWED BY REDUCED RENTALS FOR SEVERAL MORE YEARS. (THE SOVIETS HAVE AN AGREEMENT PERMITTING THEM A 50 PERCENT DISCOUNT ON LAND RENTAL FOR EIGHT YEARS. SIMILAR AGREEMENT AT CURRENT PRICES WOULD SAVE USG SOME DOLS. 10,000 ANNUALLY IGNORING FACT FAIR RENTAL FEES INCREASED 67 PERCENT FROM 1976 TO 1977. WE BELIEVE THE SYRIAN GOVT. WOULD BE WILLING TO NEGOTIATE A BETTER DEAL FOR USG.

4. INDIRECT SAVINGS AND INCREASED REVENUES TO USG WOULD BE AS FOLLOWS:

(A) OTHER USES TO WHICH WE COULD PUT FAIR BUILDING IN OFF-SEASON SUCH AS TEMPORARY STORAGE, EXHIBIT RENTAL TO OTHER AGENCIES, ETC.;

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PAGE 03 DAMASC 01377 021041Z

(B) PROVISION OF AN EXTRA TELEPHONE LINE TO EMBASSY FOR FAIR BUT AVAILABLE YEAR-ROUND (IN DAMASCUS THIS IS A GIFT NOT TO BE LOOKED IN THE MOUTH); AND,

(C) MOST IMPORTANTLY, INCREASED REVENUES FROM A PAVILION WHICH, THOUGH NOT NECESSARILY LARGER, WOULD PROVIDE A MORE EFFICIENT USE OF SPACE.

5. YOU MUST BE ASKING JUST HOW WE WOULD GO ABOUT CONSTRUCTING SUCH SAVINGS ON JUST DOLS. 40,000. BEGIN WITH FACT WE HAVE RECEIVED OFFERS TO PUT UP METAL BUILDING MEETING BOTH ESTHETIC AND PRACTICAL REQUIREMENTS FOR PRICES VARYING FROM DOLS 75,000 TO DOLS 112,000. IF 1977 FAIR GOES ACCORDING TO PLAN, WE SHOULD HAVE NOT LESS THAN DOLS 5,000 (INCLUDING REBATE MENTIONED ABOVE) AND POSSIBLY DOLS. 15,000 AS PROFIT TO CARRY OVER TO 1978. SECONDLY, AS IN 1977, WE WOULD EXPECT USG PARTICIPATION OF DOLS 15-20,000 FOR 1978 FAIR (IF THIS SOUNDS LIKE DOUBLE -DIPPING WISH TO POINT OUT THAT USG WOULD BE STUCK

WITH AT LEAST THIS MUCH ANYWAY IF WE WANTED TO PARTICIPATE IN 1978 FAIR AS WE ARE CONFIDENT FAIR FEES WILL CONTINUE TO INCREASE.) HVRDLY, MINIMUM DOLS 10,000 SAVINGS ON 1978 RENTAL (IF FAIR FEES DO NOT INCREASE) BRINGS US TO A TOTAL OF DOLS 70,000 MINIMUM AND DOLS 90,000 MAXIMUM AVAILABLE FOR PAVILION CONSTRUCTION. INCREASED REVENUS IN 1978 FAIR SHOULD EASILY HANDLE THE REST. IF WE FIND THAT WE ARE RUNNING SHORT OF START-UP COSTS, WE ARE CONFIDENT THAT LOCAL AGENTS OF U.S. FIRMS WHO DESPERATELY NEED PARTICIPATION IN FAIR IN ORDER TO IMPORT MAY OF THEIR PRODUCTS -- THROUGH A CURIOUS BUT FORTUNATE QUIRK IN SYRIAN IMPORT LEGISLATION -- COULD BE PREVAILED UPON TO PAY THEIR FAIR PARTICIPATION FEES IN ADVANCE.

6. IF OUR CALCULATIONS ARE WRONG, WE CAN STOP AFTER INITIAL STUDIES ARE COMPLETE AND AT WORST HAVE LOST ONLY REBATE ON 1977 FAIR AND POSSIBLY SOME OF EXPECTED LIMITED OFFICIAL USE

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PAGE 04 DAMASC 01377 021041Z

1977 PROFIT.

7. IN ADDITION TO PURELY CASH SAVINGS TO USG, A PERMANENT PAVILION WOULD PROVIDE FOLLOWING LESS CONCRETE ADVANTAGES:

(A) PRESENT BUILDING RENTED FROM FAIR AUTHORITIES IS LOCATED OPPOSITE SOVIET PAVILION (A NEAR CLASSIC EXAMPLE OF SOCIALIST REALISM ARCHITECTURE) AND ITS ESTHETICS ARE EVEN LESS APPEALING THAN SOME OF THE STRUCTURES THAT GRACED THE MALL AFTER WW II;

(B) USG WOULD AVOID PAINFUL INTERNAL SEARCH FOR FUNDING EACH YEAR AND AVOID CLIFF-HANGERS WHEREIN WE TRY TO CONVINCE SARG THAT FAILURE TO PARTICIPATE IN FAIR THEY PUT SO MUCH STORE BY IS NOT A POLITICAL STATEMENT, BUT RATHER ATTRIBUTABLE TO AN INTERNAL USG SQUABBLE OVER WHO SHOULD PAY OUT A MINISCULE SUM OF MONEY.

(A SELF-SUPPORTING FAIR WOULD RELIEVE WASHINGTON OF MUCH WORK.); AND

(C) IF WE SHOULD DECIDE A POLITICAL STATEMENT IS IN ORDER AND NOT PARTICIPATE IN THE FAIR, THE USG WOULD STILL MAKE MONEY; A CLAUSE IN THE PROPOSED AGREEMENT WITH THE FAIR AUTHORITY WOULD PERMIT US TO LOAN THE BUILDING BACK TO THE FAIR AUTHORITY FOR USE BY SOMEONE ELSE ON A SHARECROPPING BASIS.

8. WE WOULD LIKE YOUR VIEWS BEFOE SUBMITTING THIS PROPOSAL FOR GENERAL WASHINGTON CONSIDERATION. TO SUM UP, IN OUR JUDGMENT IT WOULD GIVE USG FAR BETTER

PAVILION THAN CURRENT CONVERTED WAREHOUSE, AND SUBSTANTIAL
SAVINGS OVER A MULTI-YEAR PERIOD. ALSO GIVEN IMPORTANCE
OF OUR PARTICIPATION IN THE FAIR TO OUR RELATIONS WITH
SYRIA, AND THE VIRTUAL CERTAINTY WE WOULD PARTICIPATE
REGULARLY IN THIS EVENT IN YEARS AHEAD, IT WOULD SAVE
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PAGE 05 DAMASC 01377 021041Z

US THE NEED TO GO THROUGH OUR ANNUAL FIRE DRILL TRYING
TO FUND THE U.S. EXHIBITION.
MURPHY

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